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C O N F I D E N T I A L SECTION 01 OF 03 NICOSIA 000017

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TAGS: [PREL](#) [PGOV](#) [TR](#) [CY](#)

SUBJECT: CYPRUS: TURKISH CYPRIOTS CALL EARLY ELECTIONS

REF: A. NICOSIA 558

[1](#)B. NICOSIA 650

[1](#)C. NICOSIA 929

[1](#)D. NICOSIA 981

Classified By: Ambassador Frank C. Urbancic for reasons 1.4 (b) and 1.4 (d)

1.(C) The "TRNC's" "ruling" Republican Turkish Party (CTP) on January 5 announced early "parliamentary" elections for April 19, 2009, a bump-up of ten months in the electoral calendar. The decision was triggered by an unsustainable budget crunch in the "Turkish Republic of Northern Cyprus" and the absence of extraordinary aid from Turkey. The pro-solution CTP plans to highlight its CYPROB stewardship during the campaign, while tarring the main opposition and solution-skeptical National Unity Party (UBP) as a retrograde nationalist force whose unrealistic hard-line will further isolate Turkish Cypriots. The opposition, which has long been clamoring for early elections, cheered the decision, given the worsening economy in the north. A UBP victory would not spell the end of the UN-brokered peace process, which is led by Turkish Cypriot leader and "TRNC President" Mehmet Ali Talat, whose position would not be affected by "parliamentary" elections. Nevertheless, a UBP victory may usher in a stormy cohabitation with Talat. Whichever party can harness undecided voters, comprising over thirty percent of the electorate, will ultimately prevail in April. End Summary.

Deteriorating "State" Finances Forces Early Elections

[1](#)2. (C) On January 5, CTP leader and "TRNC PM" Ferdi Sabit Soyer set April 19 as the date for early "parliamentary" elections (Soyer on December 26 had announced his intention to move up the calendar.) The long-expected decision was primarily the result of a worsening budget crisis exacerbated by a bloated state sector, and Ankara's refusal -- or inability -- to come to the rescue as long as CTP refused to conduct serious economic reform (reftels). "Parliament" is expected to confirm Soyer's decision in a January vote, upon which the "High Election Council" will set the polling timetable. By "law," active campaigning will begin one month before the actual elections.

[1](#)3. (C) Teberruken Ulucay, a CTP "MP," told us on January 7 that, barring the present economic difficulties, the party would not have called early elections given its command in the 50-member "parliament" (CTP holds 25 seats, and coalition partner "Freedom and Reform" Party (ORP) has five.) However, the economy has slowed dramatically over the past 18 months, with a virtual collapse in the property market and precipitous decline in tourist arrivals. Meanwhile state expenses have been expanding by more than 20 percent annually

while tax revenue has been flat. The CTP decided to call elections for April before it ran out of money to pay public servant salaries.

Turkey: No more extra cash

¶4. (C) Unal Findik, another CTP insider, complained to Poloff on December 29 that Turkey's AKP government simply could not (or would not) provide the additional budget support needed -- on top of the 25 percent of the 2009 budget Turkey already provided -- to keep things going until February 2010. Turkey's position was cemented, he said, by CTP's refusal to carry out serious belt-tightening demanded by Turkey. "Ankara simply has its own problems," Findik said, ticking off Turkey's economic downturn, ongoing negotiations with the IMF, and municipal elections planned for March 2009. Ulucay told us, however, that before announcing early elections, CTP had secured Ankara's promise to provide enough money to make payroll until early elections came. (On January 7, a CTP delegation headed to Ankara, ostensibly to secure post-election support in the event of a first-place finish.)

Talat and CTP Firmly Pro-Solution

¶5. (U) CTP will pitch a pro-solution election message during the campaign. In his January 5 announcement, Soyer conjured up past CTP achievements in attempting to reunify the island (all falling in April, coincidentally): the 2003 opening of the Green Line checkpoints, the 2004 Turkish Cypriot Annan

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"Yes" vote, and the 2005 election of former CTP leader Mehmet Ali Talat as "TRNC President." Further, he argued that CTP's pro-solution stance had brought the party a resounding victory in February 2005 "parliamentary elections," with a record 44.5 percent of the vote versus 31.7 percent for UBP. (Note: The only other two parties that crossed the five-percent election barrier were the center-right Democrat Party (DP) with 13.5 percent, and the center-left Social Democratic Party (TDP) with around six percent. ORP was formed in September 2006 by renegade UBP and DP deputies. End Note)

¶6. (C) Findik claimed that only a Cyprus Problem solution would eliminate the two main issues troubling Turkish Cypriots: political uncertainty and their "state's" lack of international recognition. UBP, he charged, was led by CYPROB hawks whose hard line during EU accession talks in the 1990s and in the early stages of the Annan Plan had hurt Turkish Cypriots and would now scuttle the ongoing UN-brokered process. Sami Ozuslu, a CTP insider and columnist for party mouthpiece "Yeni Duzen," told us on January 6 that, while unemployment and a lagging economy were indeed important issues for T/Cs, they tended to support pro-solution parties during periods of active negotiation. Hasan Hasturer, in the January 8 edition of the mass T/C daily "Kibris," wrote that CTP's ability to spin the Cyprus Problem would be crucial to its election fortunes.

Lackluster UBP Leadership

¶7. (C) Both Findik and Ulucay were contemptuous of the November 2008 return of 70-year old Dervish Eroglu as UBP party leader. Eroglu had led the party for over two decades before his short-lived departure in 2006, and served as "TRNC PM" for almost as long. Eroglu, they argued, was "detested by most people" outside of UBP and would only hurt the party. Findik even boasted that "we have no opponent," given Eroglu's purportedly negative approval ratings. Others outside CTP share this view. Serdar Denktash, leader of the

center-right Democrat Party (DP), told us on December 16 that the return of Eroglu was the "best thing" to help DP's chances given the UBP leader's tired image. Even Tahsin Ertugruloglu, the former UBP chairman whom Eroglu ousted in an ugly campaign, told Embassy officers in November that the party would suffer if its former boss returned.

Opposition: "Obligatory, not Early Elections"

18. (C) In a December 17 meeting with the Ambassador, Eroglu had predicted early elections and a UBP victory -- despite the recent leadership battle -- given CTP's ham-handed administration and the recent economic slowdown. Opposition parties predictably voiced elation upon CTP's decision, dubbing the early elections "obligatory, not early" given the meltdown of public sector finances. UBP Secretary General Nazim Cavusoglu subsequently told us that Eroglu was already on the campaign trail, while Denktash said that DP would do well in the elections and was ready with a free-market reform plan. On the left, Sami Dayioglu of the pro-solution Social Democratic Party (TDP), which stands the best chance of peeling off disaffected CTP voters, told us on January 6 that TDP hoped to emerge as the number-three party after UBP and CTP.

ORP: New Faces

19. (C) ORP, CTP's coalition partner of convenience and rumored favorite of Turkey's AKP, also publicly welcomed early elections. Party leader and "FM" Turgay Avci said that ORP had become a "party of the masses" and was ready to go to the polls. Rasih Resat, one of Avci's top aides, told us in November that ORP welcomed early elections, given T/C voters' growing disgruntlement with traditional Turkish Cypriot parties, including CTP. Resat said the party planned to run new faces, including "TRNC" citizens originally from Turkey or their children. (Note: ORP mouths pro-solution rhetoric as part of the present CTP-led coalition, but its ideology lies closer to UBP's.)

Talat: New "government" must support solution process

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110. (C) Mehmet Ali Talat's Chief of Staff, Asim Akansoy, told us January 6 that Talat supported the election decision and was optimistic over his party's chances. A CTP victory would also provide a vote of confidence for his own negotiating efforts, Talat thought. On a January 13 T/C talk show, Talat called on any new government to support his solution efforts; otherwise, he warned, "chaos will ensue." Akansoy shared this worry. He feared that a possible UBP victory would mean a rocky cohabitation between Talat and Dervish Eroglu, who presumably would run the "government" as "Prime Minister" and is highly critical of the present Cyprus settlement process. Akansoy may have reason for concern. In response to the Ambassador's question during their December 17 meeting, Eroglu, who favors a loose confederation over a bizonal, bicomunal federation, said that if elected as "PM," he would support the ongoing negotiations provided there was "cooperation" between himself and Talat.

Comment

111. (C) Ankara (or its purse strings) seems the force behind Soyer's decision to call early elections. It is unclear, however, whether the GOT wants to get rid of, or at least chasten, the pro-solution CTP "government," or rather aims to

spur the same belt-tightening on the profligate Turkish Cypriots that Turks are enduring themselves. We lean to the latter explanation. Whoever wins on April 19 will need both a cash infusion and political support from Turkey to carry out painful "public sector" reforms.

¶12. (C) We expect only the five parties presently in "parliament" -- CTP, UBP, DP, TDP, and ORP -- to pass the five-percent barrier, with CTP suffering a noticeable drop in support and UBP surpassing it or coming close. The outcome will depend on undecided voters, a full third of the electorate. While CTP might win some of them back with its pro-solution promises, there is wide-scale pessimism among Turkish Cypriots, dissatisfaction with the party, and few achievements thus far at the negotiating table to highlight.

¶13. (C) UBP's Eroglu, for many the architect of the present bloated and inefficient "civil service" system, will not be able to lure many of the undecided, however. TDP will pick up some disgruntled CTP voters, though perhaps not enough to become the third-ranking force or coalition kingmaker. DP will cash in on the Denktash name, but its appeal may not go farther than that. And ORP should do well with the Turkish settler vote, though may scare off Turkish Cypriots, especially if it runs a large number of settler candidates. Urbancic